

Message Text

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11

ACTION EA-14

INFO OCT-01 EUR-25 ISO-00 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03

SS-20 USIA-15 SAM-01 IO-14 SAJ-01 DRC-01 NIC-01 FEA-02

/137 W

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R 270610Z FEB 74

FM AMCONSUL HONG KONG

TO SECSTATE WASHDC 9734

INFO AMEMBASSY LONDON

AMEMBASSY MOSCOW

USLO PEKING

AMEMBASSY TAIPEI

AMEMBASSY TOKYO

C O N F I D E N T I A L HONG KONG 2171

E.O. 11652: GDS

TAGS: EFIN PFOR PINT CH UR

SUBJECT: PRC SLAPS USSR FOR TAKING FOREIGN LOANS WHILE DOING
THE SAME THING ITSELF

REF: A. HONG KONG 1827; B. ER3, HONG KONG 1465; C. HONG
KONG 2068

1. JUST AS THE PRC ITSELF HAS TAKEN YET ANOTHER STEP
INCREASING ITS FOREIGN INDEBTEDNESS (REF. A)--A
PROCESS THAT HAS ACCELERATED SHARPLY OVER THE PAST
YEAR--AND HAS INCREASED THE AMOUNT OF OIL IT IS SELLING
TO JAPAN AND OTHER (REF. B), PREMIER CHOU EN-LAI HAS
TAKEN A SWIPE AT THE SOVIET UNION FOR DOING THE SAME
THINGS. USING THE FEBRUARY 21 BANQUET FOR ZAMBIA'S
PRESIDENT KAUNDA AS THE OCCASION, HE DENIGRATED "THE
OTHER SUPERPOWER" FOR "BEGGING FOR FOREIGN LOANS AND
PUTTING ITS RESOURCES ON SALE," THUS MORE FULLY
REVEALING ITS "ESSENTIAL WEAKNESS."

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2. THE THEME HARKS BACK TO A SHARPLY-WORDED FEBRUARY 13 PEOPLE'S DAILY ARTICLE BY TAO CHIU WHICH DESCRIBED THE USSR AS A "SELF STYLED 'DEVELOPED SOCIALIST COUNTRY'" THAT IS REDUCED TO "GOING ON BENDED KNEES" TO THE US AND OTHER WESTERN CAPITALIST COUNTRIES. ALTHOUGH THE ARTICLE IS AIMED PRIMARILY AT THE SOVIET UNION, IT SEEMED AT THE TIME THAT THERE MIGHT BE OTHER TARGETS CLOSER TO HOME AS WELL, NAMELY, THOSE CHINESE LEADERS WHO ADVOCATE SIZEABLE IMPORTS OF WESTERN EQUIPMENT AND TECHNOLOGY AND ARE PREPARED TO USE CREDITS AND LOANS TO PAY FOR THEM.

3. GIVEN CHOU'S OWN APPARENT SUPPORT FOR SUCH IMPORTS AND FINANCIAL ARRANGEMENTS, IT SEEMS QUITE POSSIBLE THAT THE CRITICISM WAS AIMED PARTLY AT HIM. THUS, CHOU MAY HAVE USED THE SPEECH TO CO-OPT AS THEME BOTH TO KEEP

THE SPEARPOINT DIRECTED AT THE USSR (RATHER THAN AT PRC POLICY) AND TO RE-ASSERT HIS LEADERSHIP ON THIS TOPIC. JUST THREE DAYS LATER, CHOU USED ANOTHER BANQUET FOR KAUNDA TO MAKE THE FIRST PUBLIC REMARKS BY A TOP REGIME FIGURE ABOUT THE CURRENT POLITICAL MOVEMENT IN CHINA (REF. C). AGAIN THE MOVES SEEM AIMED AT REINING IN THE MOVEMENT AND SHIFTING IT INTO DIRECTIONS THAT ARE LESS RISKY TO PEKING'S INTERNATIONAL INTERESTS.
ALLEN

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